



January 2, 2002

Board of Supervisors
Waukesha County Courthouse
515 West Moreland Boulevard
Waukesha, Wisconsin 53188

Honorable County Board Members:

Submitted herein is the County's 2002 Budget as adopted by the County Board of Supervisors. The 2002 Waukesha County budget theme "Managing for Results", reflects our commitment to the taxpayer that we will measure our program performance, invest in success and modify or eliminate what isn't working.

Waukesha County continues to lead the way among counties in Wisconsin, and the nation. We have experienced steady economic growth, low taxes and high quality services aided by past budget decisions. Our strength in strategic planning combined with prudent fiscal planning has the County poised to prosper in uncertain economic times.

MANAGING SPENDING AND TAXES

The County continues to be a leader in financial management and budgeting by limiting spending and controlling tax increases. This is a difficult period of slower economic growth coupled with significant rising health care and volatile energy prices. The added burdens resulting from the State's adopted budget made this our most difficult budget to assemble in the past ten years. Yet this budget continues to meet priority needs while absorbing these economic impacts.

The 2002 adopted budget tax levy rate declines from last years level by \$0.04 per \$1,000 property valuation from \$2.46 to \$2.42 a decrease of 1.76%. Since 1990, the rate has been reduced more than 27% from \$3.33 to \$2.42 per \$1,000 of property value.

The 2001 general County property tax of \$75,223,129 (for 2002 budget purposes) represents an increase of \$4,249,071 or 5.99% from the 2000 tax levy. As discussed below, over one-third of the increase is due to health insurance impacts in the budget. If health insurance increases followed more typical levels, the County's trend of 3-4% levy increase would have continued for 2002.

The County's 2002 budget appropriations total \$217,438,005 which consists of capital project spending of \$26,869,688 and operating expenditures of \$190,568,317. The operating expenditure increase is maintained at about 4% in anticipation of future year operating cost impacts from the first phase of the Justice Facility expansion project expected to open in mid-2005.

Based on a countywide average residential inflation rate of 5.8%, a house valued at \$200,000 in 2001 will result in about a \$ 20 increase in County property taxes.

BUDGET DRIVERS

This 2002 budget has been prepared under more difficult circumstances than usual. The leading cost impact adversely affecting this budget is a dramatic increase in health insurance costs. Normal health insurance cost inflation has been about 8%, while this budget reflects a near 30% increase or \$1.4 million greater than usual.

Rising energy costs, mainly higher natural gas and vehicle fuel prices experienced in the first half of 2001 significantly impact this budget. Additional tax levy funding of about \$450,000 for escalating energy costs are required mainly in Public Works (buildings, highway maintenance operations and transit services), Parks and Land Use operations and Sheriff patrol and transport services.

The State of Wisconsin's 2001-03 biennial budget also has significantly affected this budget. The State has experienced slower revenue growth than anticipated. This, coupled with their continued imprudent budget management over the years, has resulted in a shift of several State cost responsibilities to county governments and less funding to run State (mainly Circuit Courts and Human Services) mandated programs at the local level of government. This results in higher taxes to local property taxpayers.

The impact of the State budget on the County's budget is estimated to cause more than a \$1 million shortfall. The State budget provides no increase in the County's major Human Service program funding source, the Basic County Allocation (BCA). This results in almost a \$700,000 increase in County tax levy. The State budget also imposes cost increases on counties of more than 11% to house troubled youth at State correctional facilities. In addition, the state budget includes a difficult long-term provision, which decouples funding for food stamps and medical assistance programs from the successful W-2 program back to the welfare programs of the mid-1990's and before. This provision which threatens the future of the County's highly successful welfare to work programs creates a potential future funding gap of more than \$300,000 per year.

The State has not provided for additional State circuit court support grant funding, even though the State continues to receive higher court support fees revenues generated locally and sent to Madison. The State retains these fees to fund other State budget priorities and therefore results in the County levying \$250,000 of additional County property tax to support State courts.

Other significant budget impacts include the following:

- ◆ The Sheriff's department continues to exceed the County's jail capacity. This budget includes \$200,000 for out of county placement and related transportation costs, which is an increase of \$50,000 from the 2001 budget.
- ◆ Revenue from Federal inmates at the County's main jail are being phased down by \$350,000 which is being reserved in accordance with a previously adopted ordinance to set aside funding for the partial down payment of the Justice Center expansion project. This action continues a multi year reduction in anticipation of the expiration of the Federal contract (1.5 million/year) in mid-2003.
- ◆ The Human Services' budget includes an increase of \$256,600 related to developmentally disabled clients. These costs are partially offset by Community Integration revenues of \$159,600 and \$97,000 of tax levy.

- ◆ Rising caseloads within the County's elderly and disabled Medical Assistance client population and at the Workforce Development Center result in the need to fund 2.0 FTE Economic Support Specialist positions that were previously authorized/unfunded positions at a cost of more than \$81,000. The cost impact of these positions is partially offset by an increase in the Income Maintenance allocation.
- ◆ A number of existing transit routes through a combination of increased costs and a reduction in State/Federal funding assistance, results in a tax levy increase of \$333,000. Additionally, to offset this levy increase the 2002 Transit Services budget terminates 3 routes begun in 2000 with Congestion Mitigation Air Quality (CMAQ) grant funding due to low ridership and the resulting high costs per passenger. A New Berlin route begun with CMAQ funding will continue under existing cost shares. These changes reduce expenditures almost \$1.4 million and lower tax levy by almost \$328,000.
- ◆ The County Clerk's Office is budgeting an increase of \$150,000 for election ballots and related advertising costs associated with the 2002 gubernatorial election and state and local biennial elections.
- ◆ The Federated Library System county library levy increases by \$181,253 or 8.3% resulting from an increase in expenditures at the local library level and increased usage of member libraries by non-library community residents (True Non-Resident or TNR). TNR usage as a percentage of total library use increases to 20.94% while local library expenditures increase 7.8 % from \$10.5 million to \$11.3 million.

PRIORITY INITIATIVES

First time budgeting for the opening of the new Fox River Park includes \$197,000 for the operational and one-time equipment costs. Expenditures include personnel costs for one-half year funding of a new Park Foreman position (effective July 1,) at a cost of \$26,000 and 1.96 FTE extra help positions for park maintenance at a cost of \$39,000. Also included is six months of operating expenses of \$19,000 and a one-time fixed asset expenditure of \$113,000 funded with general fund balance.

The Criminal Justice Coordinating Taskforce will produce a comprehensive set of recommendations for consideration in the development of programs aimed at reducing the jail population. The Taskforce is provided \$75,000 in this budget to establish prevention, education and treatment programming.

As recommended by the DARE Taskforce, the County will discontinue funding the DARE program. It was recommended that funding decisions be made at the local (municipal or school district) level. Therefore, effective July 1, 2002 no county tax levy will be used to continue this program for the 2002-2003 school year. Future continuation of the Sheriff providing DARE programming will be based on full-cost reimbursement from schools or communities who wish to continue the program beginning in Fall 2002. Since participation is not known at this time, funding appropriations will require approval of the County Board in 2002.

In partnership with several municipalities the Parks and Land Use department will implement a privately operated county yard waste-processing program on County owned property. The resulting compost will be used to help reclaim our adjacent county gravel pit. Program direct costs of \$156,000 will be offset with \$102,000 from gravel pit mining royalty charges and \$54,000 in tipping fees to participating municipalities, thus no additional property tax levy will be required for this program.

Additional significant initiatives included in the budget are as follows:

- ◆ The Clerk of Courts in conjunction with the Chief Judge and other community partners will open the courts self-help center in February 2002. The self-help center will focus on family court matters. To improve efficiency, a web site will be available to provide instructions and forms for clients to complete online.
- ◆ The Department of Senior Services specialized transportation program will increase the number of Rideline one-way trips by more than 700. The Nutrition Home Delivered Meals program increases the number of meals to be served to home bound seniors by over 7,500 meals.
- ◆ The Public Health division of Health and Human Services will administer nearly \$200,000 in Tobacco Board grant funding to carryout the anti-tobacco education and smoking cessation activities within the county.

INFRASTRUCTURE AND DEBT MANAGEMENT

The County's Capital Project Budget continues to closely follow the adopted capital plan with emphasis in the current five year plan on first year costs of jail expansion and highway projects. Capital project spending for 2002 is \$26,869,688 an increase of \$3,612,438. The Capital budget is funded with revenues totaling \$3,366,000; fund balance appropriations of \$ 7,398,000 of which \$4.7 million is jail assessment fee revenues reserved in prior years. In addition, other major funding includes debt borrowing of \$9.9 million; investment income on the borrowing of \$600,000 and tax levy down payment of \$5,606,688. The tax levy for the capital budget reflects a \$91,388 increase from the current year budget and funds 34.8% of net expenditures (after revenues and fund balances are applied).

Capital projects with associated project funding and debt service requirements are as follows:

- ◆ On-going funding in 2002 for 25 existing projects totals nearly \$23.2 million or about 86% of the proposed budget. The largest change occurs in the Justice Center project. The first phase of the jail expansion will begin with detailed architectural and engineering work in 2002 at a cost of \$4.7 million of the \$35.5 million phase I project. Construction is planned to begin in 2003 with the opening of the 284 bed addition set for mid-2005.
- ◆ The capital budget includes \$10 million for four major highway projects. The road projects include land acquisition costs associated with the reconstruction/widening of 2 miles of CTH J (Pewaukee Road); widening of 2.3 miles of CTH L (Janesville Road); reconstruction/widening of 1 mile of CTH YY (Pilgrim Road) and reconstruction/widening of .75 mile of CTH TJ (Silvernail Road). The budget also includes \$970,000 for the last year of construction of Fox River Park and almost \$1.7 million for completion of Courthouse renovations and a chiller replacement. On-going technology and information system projects total \$1.5 million involving projects for justice and law enforcement and general administration.
- ◆ Eight new projects totaling \$1.8 million are added to the 2002 budget. These projects include funding of almost \$500,000 for three building projects which include the construction of a control tower storage building at the Airport, roof replacement at the County's Northview facility, and design cost related to a County shared dispatch facility; \$735,000 for the purchase of properties or easements as identified in the County Grounds Master Plan; and \$600,000 for first year funding of multi-year technology projects including two communications enhancement projects, a payroll/HRIS and tax records system upgrade.

- ◆ One project previously in the plan, the reconstruction of CTH VV (Silverspring Road) is delayed until 2007 to accommodate the funding needs to complete phase I of the Justice Center project.
- ◆ Capital project funding includes revenues of \$3,366,000, which includes continuing state mandate relief funding of \$1.31 million, and state funding estimated at \$1.1 million for the technology equipment exemption from personal property tax base. Transportation related funding from a combination of federal, state and local sources total \$836,000. Other federal/state funds include \$120,000 of Child Support IV-D reimbursement for building renovations for the child support division.
- ◆ In 2002, \$7,398,000 of fund balance equity is appropriated for various one-time priority capital projects including \$4.7 million of reserves from jail assessment fees (prior years revenue) to fund first year costs of the Justice Center. Fund balance appropriations also include capital project fund balance of \$1.5 million; highway fund balance of \$400,000; general fund balance of \$340,000, of which \$100,000 is from prior year State Court revenues and \$240,000 is to fund the shared dispatch facility. The airport fund balance of \$200,000 is for the southeast hanger area project and \$258,000 from proprietary fund balances for golf course and communications projects.
- ◆ New borrowing of \$9.9 million, as planned for in the five-year debt service projections to partially fund the 2002 capital projects, will increase total debt service levy requirements by \$496,878. The debt service budget proposed for 2002 continues to be well within compliance of the State's imposed levy rate constraints on counties. Prudent debt management policies and practices continue in being a favorable factor in maintaining the County's coveted Aaa/AAA bond ratings which helps lower borrowing costs to the taxpayers.

ACKNOWLEDGEMENTS

This budget continues to represent our County's continued ability to manage for results with strong financial controls, strategic long term planning, program cost budgeting, outcome based objectives, measurement of performance to ensure quality services while continuing to streamline County government.

Sincere appreciation is extended to department administrators and staff for their superb efforts in developing this budget, which delivers the twelfth consecutive year of levy rate reduction. All of these efforts, and the thorough review and approval by the County Board of Supervisors, are sincerely appreciated.

Norman A. Cummings, Director of Administration

Keith K. Swartz, Budget Manager